

STAFFORD COUNTY SCHOOL BOARD

Agenda Consideration

TOPIC: E-Surplus Pilot Program

ITEM NO: 10B

PREPARED BY: H. Charles Woodruff
Assistant Superintendent for
Financial Services

MEETING: January 13, 2004
ACTION DATE: January 27, 2004

ACTION REQUESTED BY THE SUPERINTENDENT: That the School Board authorize staff to establish a pilot E-Surplus program to dispose of surplus vehicles.

KEY POINTS:

Several local governments and school districts in Virginia have begun to use the internet to auction surplus property because it provides a more efficient and cost effective means of disposing of assets than the traditional method. E-Surplus is the internet auction service used by these other localities. E-Surplus auctions are similar to E-Bay auctions, the key difference being that they were designed specifically for local government property disposals.

Our current method of disposing of surplus vehicles is to hold public auctions on a biennial basis, which means that some vehicles must be stored for up to two years before they can be offered for sale. Disadvantages of this method are that vehicles not used for long periods of time deteriorate and take up valuable space. By the time the auction is held, many of the vehicles won't start without mechanical adjustments, and a considerable amount of space needed for current operating purposes has been usurped by useless, almost worthless buses, cars, and trucks. Further, although County auctions are well publicized, participation is limited.

Some of the benefits of on-line surplus auctions are as follows:

- Using E-Surplus ensures that property is disposed in accordance with rules and regulations governing disposal of public property because it was designed for local governments.
- Buses and other vehicles can be sold as soon as they have been declared surplus. Based on the experience of other E-Surplus participants, items are usually sold within 30 days, thus alleviating the problems of deterioration and storage.
- The E-Surplus program maintains a permanent detailed record of each asset sold, which would be useful for updating fixed asset databases and audit testing.
- E-Surplus profits will be higher than those realized from traditional auctions because the cost of using the service (8% of the selling price) will be paid by the buyer rather than deducted from the proceeds (as has been the practice with live auctions).
- Based on the experience of current E-Surplus users, we can expect a revenue increase resulting from sales of surplus assets ranging from 50 to 200 percent per item.

We are proposing a trial implementation of the E-Surplus program to begin immediately upon approval (should it be approved), and ending on June 30 of the current fiscal year. At that time, we will evaluate the results and present our recommendations. If the results are as anticipated, we will propose an expansion of the program to include disposal of all surplus property valued at \$5,000 or less.

The benefits of expanding the E-Surplus program to include all surplus property are tremendous:

- Schools will no longer have to fill up their closets and storerooms with surplus property because items will be sold very soon after being declared surplus. (The principals are excited about this.)
- The successful bidder will pick up the property at the school. SCPS maintenance workers, who spend many hours collecting surplus property from all of the schools and storing it centrally for the biennial sale, will have more time to devote to the backlog of maintenance projects.
- Revenue from sale of surplus property could increase by as much as 200 percent.

SCHOOL BOARD GOAL: #8

Provide School Board leadership in advocating for adequate funding in support of Stafford County Public Schools.

FUNDING SOURCE: N/A

AUTHORIZATION REFERENCE: Code of Virginia §22.1-129